

HON. STEFAN I. MYCHAJLIW

Erie County Comptroller



REQUEST FOR PROPOSAL

FOR

INTERNAL AUDIT SERVICES

(Co-Sourced)

RFP #: 1428VF

ISSUE DATE: Friday, August 1, 2014

RESPONSES DUE: Friday, August 15, 2014

Introduction

Erie County Comptroller Stefan I. Mychajliw has prepared this Request for Proposal (RFP) to identify a qualified professional services firm interested in providing Co-Sourced Internal Audit Services.

Timetable

Issuance of Request for Proposal	Friday, August 1, 2014
Notification of Intent to Bid	Thursday, August 7, 2014 – by 5:00pm
Deadline to Submit Questions	Thursday, August 7, 2014 – by 5:00pm
Comptroller's Response to Questions	Tuesday, August 12, 2014
Deadline for Proposal Submission	Friday, August 15, 2014 – by 4:00pm
Oral Presentations (<i>if necessary</i>)	Thursday, August 21, 2014 Friday, August 22, 2014 (<i>if necessary</i>)
Contract Award Announced	Friday, August 29, 2014

Issuance of Request for Proposal: Proposal will be issued in accordance with Erie County Policy.

Notification of Intent to Bid: In order for a qualified firm's proposal to be considered, the firm must comply with notifying the Comptroller's Office of their intent to bid. This notification must be in writing. The preferred method would be an electronic notification, sent to comptroller@erie.gov.

Deadline to Submit Questions: Questions regarding the RFP should be submitted electronically to comptroller@erie.gov.

Comptroller's Response to Questions: All questions, from all firms, will be answered collectively and anonymously without identifying which firm asked which question(s). The collective response will be posted to the Comptroller's website, on the Request for Proposals page.

Deadline for RFP Submission: Proposals are due no later than 4:00pm on Friday, August 15, 2014. Firms must submit their proposals electronically to comptroller@erie.gov, with five (5) hard copies to follow by first class mail or hand delivery to:

Hon. Stefan I. Mychajliw
Erie County Comptroller
Attn: Bryan Fiume, Associate Deputy Comptroller & Chief of Staff
95 Franklin Street – 11th Floor
Buffalo, New York 14202

Oral Presentations (*if necessary*): Presentations will take place in the Comptroller's Office Conference Room on the 11th floor of The Rath Building, 95 Franklin Street, Buffalo, NY 14202. Presenters will be allowed 45 minutes to make their presentations to the RFP Response Committee.

Contract Award Announced: The winning bidder will be contacted by telephone. Award of contract is dependent upon and subject to the availability of funds in the County's 2015 Operating Budget as proposed by Erie County Executive Mark C. Poloncarz and approved by the Erie County Legislature.

Erie County, NY– Background

The County is a metropolitan center covering 1,058 square miles that is located on the western border of New York State, adjacent to Lake Erie. Situated within the County are three cities, 25 towns, and 16 villages, including the City of Buffalo, which serves as the County seat and is the State's second most populous and largest city. The County, with a 2014 population of 919,866, provides a variety of mandated and discretionary services and facilities to its residents encompassing many areas including culture, parks and recreation, social services, public safety, youth, health, senior services, roads, mental health, probation, corrections, emergency services, license bureau and sanitary sewerage systems. Additionally, the County operates a community college.



Subject to the New York State Constitution and Laws, the County operates pursuant to a County Charter (“Charter”) and Administrative Code. Additionally, various New York State laws govern the County to the extent that such laws are applicable to counties operating under a charter form of government.

Legislative authority of the County is vested in an 11-member governing body known as the County Legislature (“Legislature”), each member of which is elected for a two-year term. Principal functions of the Legislature include adoption of the annual budget, levying of taxes, review and approval of budget modifications, adoption of local laws, and authorization of the incurrence of all County indebtedness.

In addition to the members of the Legislature, there are five County-wide elected officials, each elected to four-year terms: County Executive, County Comptroller, County Clerk, District Attorney, and Sheriff. The County Comptroller serves as the County’s chief fiscal, accounting, financial reporting and auditing officer.

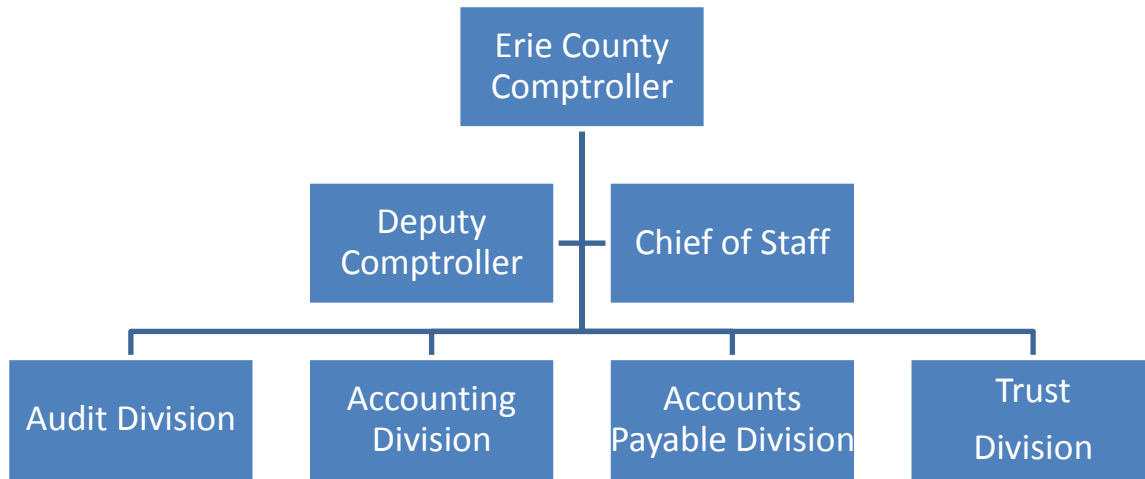
Erie County Finances

[Financial Statements](#)

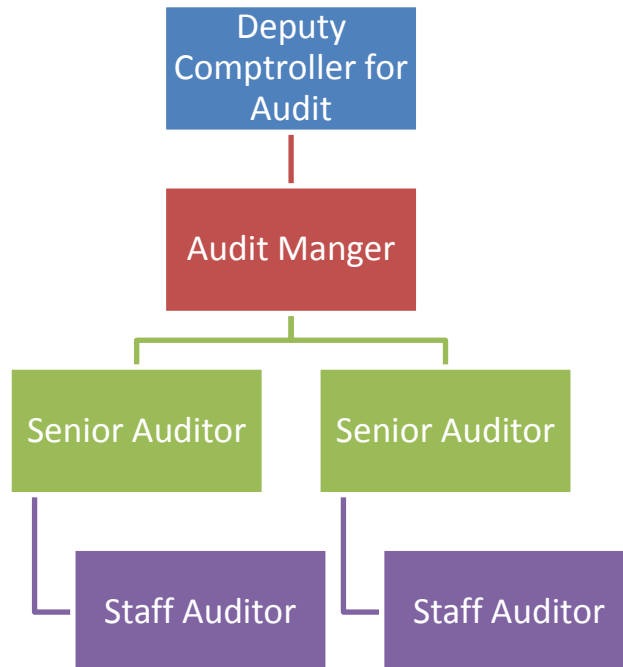
[Comprehensive Annual Financial Report](#)

[Popular Annual Financial Report](#)

Erie County Comptroller's Office – Hierarchy



Erie County Comptroller's Office – Audit Division



Co-Sourced Internal Audit Structure

The decision to explore co-sourcing the audit function derives from our desire to enhance the subject matter expertise and experience of our audit division. The final contract to co-source will allow for a reduction in full time county audit personnel.

The internal audit function of Erie County Government has historically been staffed by in-house civil servants. Over the years, the size of the staff has expanded and contracted, but it has remained in its current form for a number of years. It is the intention of the Comptroller to retain some of the current Audit Division structure and co-source its mission with a qualified professional services firm. Co-sourced and outsourced audit engagements have been a common business practice in Erie County.

The Deputy Comptroller for Audit position will remain, and will manage the audit contract with the chosen firm. The qualified firm will work in tandem with existing staff and management in the Comptroller's Office to produce final audit/engagement reports/letters. Those reports/letters will ultimately be presented to the Erie County Legislature and the Administration.

INFORMATION REQUESTED

The county's internal audit partner will be chosen based on its ability to:

- Develop a risk assessment and internal audit plan
- Provide trained, experienced and dedicated internal audit professionals
- Demonstrate industry knowledge
- Be flexible and creative in providing internal audit services consistent with the agreed upon audit plan
- Work with the Deputy Comptroller for Audit to develop an annual internal audit plan utilizing the results of the completed risk assessment
- Provide subject matter expertise, resources and perspectives when needed
- Provide benchmark and value-added solutions to operational issues
- Provide robust internal audit methodologies, templates, protocols and tools
- Increase the effectiveness of our internal audit division for the agreed upon fees

The written proposal submitted to the Comptroller must include the following:

- Describe your firm, including background, size, number and diversity of employees and the types of services you offer and specialize in
- Describe your firm's commitment to the County of Erie community
- Describe your firm's philosophy of client service
- Describe your firm's internal audit practice qualifications including how long your firm has been providing internal audit services and the number of dedicated internal audit professionals
- Describe your firm's government auditing experience and qualifications

Internal Audit Methodology and Approach

- Discuss the benefits of co-sourcing the county's internal audit function and how your firm's experience will enable those benefits to be achieved
- Describe your firm's internal audit methodology and how it will be implemented in the county
- Outline your firm's approach to integrating your staff with our remaining county staff, and briefly describe other scenarios where you work(ed) in a co-sourced audit environment
- Describe what resources you might expect the county to provide your staff while working on county premises

Team Composition

- Describe how the engagement will be staffed including roles and responsibilities of core team members and the involvement of subject matter specialists
- Provide bios/profiles of the core team members who will serve the county
- Demonstrate/describe resources your firm can draw upon to audit a large governmental entity

Fee Structure

The county is looking for a level of effort of 1800 – 2500 hours to meet its perceived needs and objectives.

- Please provide your thoughts on this level of effort
- Please provide your thoughts on a proposed contract length
- Describe separately the cost for completing a risk assessment and internal audit plan for the county. In your fee structure, please prepare for two scenarios:
 - 1. The risk assessment and internal audit plan is performed as a separate engagement before the commencement of the 5 year audit engagement contract
 - 2. The risk assessment and internal audit plan will be the first project of year 1 of the 5 year contract, and therefore its development will be included in the 1800 – 2500 annual audit hours
- Describe your firm's proposed fees in the form of a rate per hour, by staff level, for the provision of 1800 – 2500 hours of internal audit services on an annual basis
- Describe your approach to billing related expenses and an estimate of such for this engagement